



Agri-News

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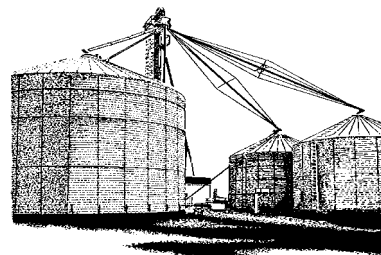


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Highlights

2003 Annual Crop Summary
Economists' Corner
December Prices
Grain Stocks
Supply and Demand
2003 Acreage, Yield & Production



2003 Annual Crop Summary

IOWA: Corn for grain production during 2003 was estimated at 1.88 billion bushels, one percent below the November 1 forecast, and 4 percent below 2002. Iowa producers averaged 157.0 bushels per acre, which was down from the November 1 forecast of 159.0. This yield is the second highest on record, behind last year's yield of 165.0. Acreage harvested for grain remained the same as previous forecasts at 12.0 million acres, one percent over 2002. Corn planted for all purposes in Iowa was revised to 12.4 million acres, up one percent from 2002.

Corn for silage production was estimated at 6.60 million tons, up 5 percent from 2002. The silage yield estimate of 20.0 tons per acre compares to 19.0 tons per acre in 2002 and is the highest on record. Producers harvested 330,000 acres of corn for silage, which was unchanged from the previous year.

Soybean production in Iowa was estimated at 337.6 million bushels in 2003, down six percent from the November 1 forecast, and down 32 percent from 2002. Soybean production for the state was the lowest since 1993. Producers averaged 32.0 bushels per acre in 2003, down 16 bushels per acre from last year's yield of 48.0 bushels per acre. The harvested acreage estimate of 10.55 million acres of soybeans was unchanged from the November 1 forecast, but is up over one percent from 2002. Planted acreage of soybeans was 10.6 million acres, also up one percent from 2002.

All hay production for the state was estimated at 5.52 million tons, down ten percent from the October 1 forecast, and down two percent from the 5.65 million tons produced in 2002. Producers averaged 3.45 tons per acre, compared to 3.53 tons per acre in 2002. Harvested acres for hay was estimated at 1.60 million acres, unchanged from the previous year.

Alfalfa and alfalfa mixtures production was estimated at 4.92 million tons, up one percent from 2002. Producers averaged 3.7 tons per acre, compared to 3.9 tons per acre the previous year, while harvested acres increased by six percent to 1.33 million

acres compared to last year. Iowa producers seeded 180,000 acres of alfalfa in 2003, down from 205,000 acres the previous year.

Other hay production was estimated at 594,000 tons, 23 percent below the previous year's production. Producers averaged 2.20 tons per acre, unchanged from 2002; while harvesting 270,000 acres of other hay, down 80,000 acres from the previous year.

UNITED STATES: Corn for grain production is estimated at 10.1 billion bushels, down 2 percent from the November forecast but up 12 percent from the 9.01 billion bushels produced in 2002. The average U.S. grain yield is estimated at 142.2 bushels per acre, 1.0 bushel below the November forecast but up 12.2 bushels from 2002. Both production and yield estimates are the largest on record. The previous record for both was set in 1994 when production was estimated at slightly below the 10.1 billion bushels being estimated for 2003 and yield was 138.6 bushels per acre.

Soybean production in 2003 totaled 2.42 billion bushels, down 1 percent from the November forecast and 12 percent below the 2002 level. This is the lowest production level since 1996. The average yield per acre is estimated at 33.4 bushels, 0.4 bushel below the November forecast and 4.6 bushels below the 2002 final yield. This is the lowest yield since 1993.

All hay production for 2003 is estimated at 157 million tons, down 2 percent from the October 1 forecast but up 4 percent from the 2002 total. Acreage harvested, at 63.3 million acres, is down less than 2 percent from the October forecast and 2002. The average yield, at 2.48 tons per acre, is down 0.02 ton from the October forecast but up 0.14 ton from the previous year.



ECONOMIST CORNER

*Livestock by John Lawrence
and
Grains by Robert Wisner*

Iowa Cooperative Extension Service - Ames

LIVESTOCK

Cattle Markets - What a difference a 15-minute USDA press conference can make to the fortunes of cattle producers. The beef industry capped a phenomenal year with the announcement that a BSE positive cow was detected on U.S. soil. The industry was immediately shut out of export markets. Fed cattle prices dropped \$12-18 per cwt when trading resumed. Cattle feeders enjoying \$300+ per head profits were suddenly faced with the prospect of losses. While the news was a blow to the industry, fallout thus far is less than feared. Fed cattle prices settled to a historically high level (mid \$70 range). The feeder cattle market reaction has also been surprisingly mild. Going into the crisis, the feedlot sector was extremely current and inventory down. While the prices are contra-seasonal, they are consistent with a trend that began before the announcement. The key supporting prices over the next few months is for feedlots to remain current. Considering prevailing conditions, producers should not bank on a typical spring rally this year.

Hog Markets -The December Quarterly Hogs and Pigs report left little hope for a pork production decrease in 2004. Consequently, producers should not expect improved prices. One possible outcome of the BSE crisis is that consumers would favor pork, thereby lifting pork demand. However, confidence in beef safety does not appear to have faltered among U.S. consumers. Since the domestic market will absorb the supply of beef previously destined for the export market, we expect a negative impact on the entire meat complex. Futures markets, however, have not sustained a negative hog price reaction. Most contracts are up slightly from pre-announcement levels. Cash prices have also held up, with the Iowa-Southern Minnesota base price gaining over \$3 since the announcement, to just under \$50. Look for the base to move into the low \$50 range over the next few weeks.

GRAIN

With 2003 U.S. corn and soybean crops below earlier indications and a further reduction in Argentine corn production prospects, prices for both crops will likely trend upward in the next several weeks. Corn prices are likely to continue an upward trend into the spring planting season, and will remain potentially quite sensitive to weather in the U.S., Europe, the former Soviet Republic, Argentina, and China. World feed grain stocks are approaching levels that were projected as the 1994-95 marketing year unfolded. That year, a combination of events pushed corn futures prices to a record high of over \$5 per bushel. Soybean prices will be very sensitive to any changes in South American crop prospects and additional sales to China.

U.S. soybean ending carryover stocks, as a percent of annual use, appear likely to be at or near record lows. The smaller U.S. crop estimate means that use will need to be cut more than previously anticipated. USDA economists project domestic soybean crushings to be down 10% from a year earlier for the current marketing year. For the first quarter of the year, crushings were about even with the previous year. Export sales from now through August will need to be down by an average of 65 to 68 percent from a year earlier to meet current projections. Because of limited U.S. supplies, prices may have to move high enough to bring about this amount of decrease in sales. Average sales from late November through the end of December were down by about that amount. South American soybean crop prospects looked good in early January, but Asian rust remains an uncertainty in final yield prospects.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA			U.S.	
		Dec. ¹ 2002	Nov. ¹ 2003	Dec. ² 2003	Nov. ¹ 2003	Dec. ² 2003
----- Dollars -----						
Corn	bu.	2.22	2.15	2.30	2.20	2.32
Oats	bu.	1.93	1.83	1.65	1.32	1.36
Soybeans	bu.	5.42	7.15	7.40	7.05	7.29
Alfalfa, baled	ton	90.00	85.00	84.00	88.00	87.90
All hay, baled	ton	87.00	81.00	82.00	80.70	81.30
All hogs	cwt.	30.40	34.00	34.10	34.80	34.90
Sows	cwt.	24.40	30.40	29.20	29.40	28.30
Bar. & Gilts	cwt.	30.50	34.00	34.20	35.00	35.30
Beef Cattle	cwt.	71.00	99.90	94.20	93.70	92.70
Cows	cwt.	32.70	48.30	48.00	47.80	49.90
Strs. & Hfrs.	cwt.	71.80	101.00	95.10	100.00	98.60
Calves	cwt.	91.90	99.90	98.50	112.00	113.00
Milk cows ³	hd.	--	--	--	--	--
Milk (whls)	cwt.	12.00	15.10	14.00	14.50	13.70
Sheep	cwt.	35.40	35.80	--	40.10	--
Lambs	cwt.	85.10	89.10	--	99.20	--
Eggs (mkt)	doz.	.427	.873	.659	.926	.739

¹Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. ²All prices are mid-month. ³Prices published January, April, July, and October.

Price Index Summary Table

Prices Received	IOWA			UNITED STATES		
	Dec. 2002	Nov. 2003	Dec. ¹ 2003	Dec. 2002	Nov. 2003	Dec. ¹ 2003
1990-92=100 ²						
Prices rec'd.	90	106	107	100	117	115
Crops	98	110	116	107	117	117
Lvstk Prods.	80	101	97	91	117	113
1910-14=100 ³						
Prices rec'd.	--	--	--	635	745	732
Crops	--	--	--	529	578	577
Lvstk Prods.	--	--	--	698	901	868

¹Preliminary. ²1990-92=100 reference replaced 1977=100 in January 1995. ³Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	Dec. 2002	Nov. 2003	Dec. 2003	Dec. 2002	Nov. 2003	Dec. 2003
	1990-92=100			1910-14=100		
Prices paid ¹	125	130	130	1666	1727	1736
Feed	114	121	129	555	592	629
Ratio ²	80	90	88	38	43	42

¹Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. ²Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.



Stocks of Grain, December 1, 2003

IOWA: Corn stocks in all positions on December 1 totaled 1.6 billion bushels, down four percent from December 1, 2002. Of the total stocks, 67 percent were stored on farms. The September - November 2003 indicated disappearance was 525 million bushels, down 12 percent from the previous year's 600 million bushels during the same period.

Soybeans stored in all positions on December 1 totaled 305.5 million bushels, down 28 percent from December 1, 2002. Of the total stocks, 51 percent were stored on farms. The September-November 2003 indicated disappearance totaled 85 million bushels, down 33 percent from the previous year's 127 million bushels during the same quarter.

Oat stocks in all positions on December 1 totaled 12.7 million bushels. Of the total stocks, only 26 percent were stored on farms.

UNITED STATES: Corn stocks in all positions on December 1, 2003 totaled 7.94 billion bushels, up 4 percent from December 1, 2002. Of the total stocks, 5.29 billion bushels are stored on farms, up 10 percent from a year earlier. Off-farm stocks, at 2.66 billion bushels, are down 6 percent from the previous year.

The September -November 2003 indicated disappearance is 3.26 billion bushels, compared with 2.97 billion bushels during the same period last year.

Soybeans stored in all positions on December 1, 2003 totaled 1.69 billion bushels, down 20 percent from December 1, 2002. On-farm stocks totaled 820 million bushels, down 30 percent from a year ago. Off-farm stocks, at 866 million bushels, are down 8 percent from the previous year. Indicated disappearance for September - November 2003 totaled 910 million bushels, up 8 percent from the same period a year earlier.

Oats stored in all positions on December 1, 2003 totaled 119 million bushels, 15 percent above the stocks on December 1, 2002. Of the total stocks on hand, 64.3 million bushels are stored on farms, 22 percent more than a year ago. Off-farm stocks totaled 54.9 million bushels, 7 percent above a year earlier. Indicated disappearance during September - November 2003 totaled 12.5 million bushels, up 58 percent from the same period a year ago.

Stocks of Grain and Storage Capacity, December 1, Iowa and U.S.

Position and grain	----- Iowa -----			----- United States -----		
	Dec. 1 2002	Dec. 1 2003	Percent of previous year	Dec. 1 2002	Dec. 1 2003	Percent of previous year
	Thousand bushels			Thousand bushels		
On-Farm Stocks & Capacity						
Corn	1,100,000	1,100,000	100	4,800,000	5,286,000	110
Soybeans	221,000	155,000	70	1,170,000	820,000	70
Oats	4,300	3,300	77	52,500	64,300	122
Hay, all ¹	3,900	3,695	95	103,692	110,752	107
Storage Capacity ²	1,650,000	1,650,000	100	11,070,000	10,970,000	99
Off-Farm Stocks and Capacity³						
Corn	624,952	547,509	88	2,837,971	2,658,779	94
Soybeans	202,371	150,544	74	943,373	866,381	92
Oats	8,271	9,431	114	51,284	54,918	107
Storage Capacity ²	1,070,000	1,055,000	99	8,506,104	8,498,523	100
Total Stocks and Capacity						
Corn	1,724,952	1,647,509	96	7,637,971	7,944,779	104
Soybeans	423,371	305,544	72	2,113,373	1,686,381	80
Oats	12,571	12,731	101	103,784	119,218	115
Hay, all ¹	3,900	3,695	95	103,692	110,752	107
Storage Capacity ²	2,720,000	2,705,000	99	19,576,104	19,468,523	99

¹Hay stocks in thousand tons. ²Storage capacity excludes all structures used to store hay. ³Includes stocks at interior mills, elevators, terminals, warehouses, and processors.

U.S. Corn and Soybean Supply and Demand

CORN				SOYBEANS			
	2001/ 2002	2002/ 2003 (Est.)	2003/04 ¹ Projections Jan.		2001/ 2002	2002/ 2003 (Est.)	2003/04 ¹ Projections Jan.
	Million bushels				Million bushels		
Beginning stocks	1,899	1,596	1,087	Beginning stocks	248	208	178
Production	9,507	9,008	10,114	Production	2,891	2,749	2,418
Imports	10	14	10	Imports	2	5	8
Supply, total	11,416	10,619	11,211	Supply, total	3,141	2,962	2,604
Feed and residual	5,868	5,593	5,775	Crushings	1,700	1,615	1,455
Food, seed, & industrial	2,046	2,346	2,480	Exports	1,064	1,045	900
Domestic, total	7,915	7,939	8,255	Seed	90	89	90
Exports	1,905	1,592	1,975	Residual	79	34	33
Use, total	9,820	9,532	10,230	Use, total	2,933	2,784	2,479
Ending stocks, total	1,596	1,087	981	Ending stocks, total	208	178	125
Avg market price (\$/bu.)	1.97	2.32	2.15-2.45	Avg market price (\$/bu.)	4.38	5.53	6.90-7.60

¹Preliminary.

Iowa - Acreage, Yield and Production, 2002-03

Crop	Acres harvested		Yield per acre		Production	
	2002	2003 ¹	2002	2003 ¹	2002	2003 ¹
	Thousand acres		Bushels		Thousand bushels	
Corn, grain	11,900	12,000	165.0	157.0	1,963,500	1,884,000
Corn, silage ²	330	330	19.0	20.0	6,270	6,600
Soybeans	10,400	10,550	48.0	32.0	499,200	337,600
Oats for grain	175	130	76.0	83.0	13,300	10,790
Hay, all ²	1,600	1,600	3.53	3.45	5,645	5,515
Alfalfa hay ²	1,250	1,330	3.90	3.70	4,875	4,921
Other hay ²	350	270	2.20	2.20	770	594
Wheat, all	16	19	50.0	61.0	800	1,159

¹ Preliminary. ²Yield in tons and production in thousand tons.

U.S. - Acreage, Yield and Production, 2002-03

Crop	Acres harvested		Yield per acre		Production	
	2002 ¹	2003 ²	2002 ¹	2003 ²	2002 ¹	2003 ²
	Thousand acres		Bushels		Thousand bushels	
Corn, grain	69,313	71,139	130.0	142.2	9,007,659	10,113,887
Corn, silage ³	7,490	6,528	14.0	16.2	104,979	105,864
Soybeans	72,437	72,321	38.0	33.4	2,749,340	2,417,565
Oats for grain	2,093	2,224	56.7	65.0	118,628	144,649
Hay, all ³	64,497	63,342	2.34	2.48	150,962	157,123
Alfalfa hay ³	23,135	23,578	3.19	3.24	73,824	76,307
Other hay ³	41,362	39,764	1.86	2.03	77,138	80,816
Wheat, all	45,917	52,839	35.3	44.2	1,619,001	2,336,526
Winter Wheat	29,751	36,541	38.5	46.7	1,145,602	1,707,069

¹ Revised. ² Preliminary. ³ Yield in tons and production in thousand tons.

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